



四海國際集團有限公司

Cosmopolitan

International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 120)



2019

Environmental, Social
and Governance Report

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ABOUT THIS REPORT

Reporting Standard

This report has been prepared in accordance with the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Reporting Principles

During its preparation, the Group adheres to the four fundamental reporting principles outlined in the ESG Reporting Guide to facilitate meaningful communication and informed decision-making. The details are as follows:

- **Materiality:** Material environmental, social and governance (“ESG”) issues were identified through stakeholder engagement, with the Group’s business nature, operational practices and locations having been considered to determine the focus of this report.
- **Quantitative:** Environmental and social responsibility data were collected and monitored to evaluate the progress in implementing environmental and social responsibility initiatives.
- **Balance:** Both the achievements and improvement plans are disclosed in this report to present a balanced picture of ESG performance.
- **Consistency:** The reporting methodologies remain consistent with past reports to facilitate a year-to-year comparison of its performance. Any changes in the methodologies and reporting scope are explained in remarks for stakeholders’ reference.

Reporting Scope and Boundary

This is the fourth annual standalone ESG report of Cosmopolitan International Holdings Limited (“Cosmopolitan” or the “Company” and together with its subsidiaries, the “Group” or the “Cosmopolitan Group”). This report covers the sustainability performance of ESG issues that are material to the Group’s ongoing property development projects in Mainland China.

Reporting Period

Unless otherwise stated, this report presents the highlights of our progress and performance on material ESG issues for the period from 1 January 2019 to 31 December 2019.

Accessibility of the Report

An electronic copy of this report can be accessed on Cosmopolitan’s website at www.cosmoholdings.com. Should you have any enquiries about the report or opinions regarding Cosmopolitan’s ESG performance, please feel free to contact us via info@cosmoholdings.com.

Board Approval

This report was reviewed and approved by the Board of Directors of the Company (the “Board”) on 28 July 2020.

CHAIRMAN'S STATEMENT

I am pleased to present herewith the 2019 Environmental, Social and Governance Report of the Company.

We strive to be a real estate developer well recognised in delivering quality large-scale integrated development projects in Mainland China. As part of our business philosophy, we integrate sustainability elements into our missions to create environmentally friendly community and superior living space. We believe our commitment to sustainable development is instrumental to create values for our stakeholders, including our shareholders, employees, customers, supply chain and the community.

With the aid of our sustainability governance framework, we continue to cautiously enforce our sustainability management approach and put forward sustainability initiatives in the core areas of sustainable development. We are mindful in making decision relating to environmental and social issues when designing and building our development projects, while maintaining the economic outcome in the interest of our shareholders.

We strive to minimise our environmental detriments in line with our group-wide environmental policy. Through implementing comprehensive mitigation measures and on-going performance monitoring, we hope to create a green living community while lessening our adverse impact to the neighbourhood environment.

Supporting local communities is also our part of social responsibility. We consider the needs of local communities when designing our projects. Inclusive design is adopted to enhance accessibility of our properties. Meanwhile, we also show our care through donation in-kind to the local communities.

Our employees, suppliers and contractors are vital in delivering quality services and products. We endeavour to create a healthy and inclusive work culture for our employees. Meanwhile, we maintain close relationship with our suppliers and contractors to create an ethical and sustainable business regime. Our sustainable values are communicated to our employees, suppliers and contractors to extend our effort towards sustainability.

While our development projects in Chengdu and Tianjin proceed, we will continue to uphold our sustainable values and collaborate with our stakeholders to attain greater sustainable achievements. I would like to express my gratitude to everyone who has been working with us and invite you to join us in our journey towards our sustainable future.

LO YUK SUI
Chairman

Hong Kong
28 July 2020



ABOUT COSMOPOLITAN

Our Business

Founded in 1991, the Group's core business includes property development, property investment, financial investment and other investments, with the focus on Mainland China. We engage in large-scale property development projects, including upmarket residential properties, top-grade offices, high-class hotels and shopping centres.

We strive to create long-term value for our stakeholders. The Group is progressing steadily on its two major property development projects, which are anticipated to generate economic benefits for and promote the long-term development of the communities in which they are situated.

The Group believes that sustainability is the cornerstone of our successful development and we incorporate sustainable practices into our operations. We are committed to working in a socially responsible way, including participation in various charitable events and social welfare programmes to contribute to the community.

Our Presence

Headquartered in Hong Kong, the business of the Group principally comprises two composite property development projects in Chengdu and Tianjin in Mainland China.

Chengdu Project – Regal Cosmopolitan City

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

The superstructure and fitting-out works for the third stage of the development consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces are in steady progress, targeted to be completed around mid-2021. Presales of seven residential towers consisting of 1,130 units have been launched since March 2019. The presale of the remaining three residential towers consisting of 425 residential units is scheduled to be launched in mid-2020.

The business remodeling works of the hotel have been completed and corresponding interior design works are progressing. The interior fitting-out works are scheduled to commence in the third quarter of 2020 and the hotel is scheduled to open in phases from the third quarter of 2021.

The updated scheme design of the remaining commercial components within the development, comprising a six-storey commercial complex of about 48,000 square metres (516,700 square feet) and five towers of office accommodations of about 90,500 square metres (974,100 square feet), was approved by the local authority and corresponding detailed design and construction drawings are in progress. The basement excavation works have commenced and the substructure works are planned to be started in mid-2020. Presale of one office tower consisting of 434 units is expected to be launched in late 2020.

ABOUT COSMOPOLITAN



Regal Cosmopolitan City, a composite hotel/commercial/office/residential development in Xindu District, Chengdu, Sichuan (*)



Casa Regalia (Phase 1), Regal Cosmopolitan City – completed



Regal Xindu Hotel, hotel development at Regal Cosmopolitan City



Residential towers of Casa Regalia (Phase 2), Regal Cosmopolitan City (*)



Commercial/office towers of Regal Cosmopolitan City (*)

* Artist impression

ABOUT COSMOPOLITAN

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

Nearly all of the residential units have been sold. The sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing steadily and contracts for sale have been secured for some of the shop units. Certain parts of the commercial complex have in the meantime been leased out for rental income.

The superstructure works of the two office towers have resumed since June 2019 and are planned to be completed in 2022. Presale of one office tower consisting of 137 units is planned to be launched in the third quarter of 2020.



Regal Renaissance, a composite commercial/office/residential development in a prime location of Hedong District, Tianjin (*)



Residential towers and commercial complex of Regal Renaissance – completed



Office towers and commercial podium – superstructure works in progress

OUR ESG APPROACH

With the core value of operating in a sustainable manner, Cosmopolitan is committed to incorporating sustainable operation practices into every development project whenever practicable.

Corporate Governance

Upholding high standards on corporate governance is one of our business operation principles. Cosmopolitan strives to maintain a rigorous corporate governance system, and fully observe the Code Provisions in the Corporate Governance Code in Appendix 14 of the Listing Rules. Cosmopolitan has developed an efficient corporate governance structure. Guided by the Board, the three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee are delegated with different governance functions. The Board also conducts regular review on the Group's management policies and practices and material corporate matters to ensure full compliance with relevant regulations. New policies and measures are implemented whenever necessary.

For more information regarding our corporate governance and the Board of Directors, please refer to Cosmopolitan's Annual Report 2019.

Sustainability Governance

We prioritise sustainability as the Group's key objective over the past few years. The Group consults and shares our sustainability performance with key stakeholders and balances their interests with our common goals.

To ensure an effective sustainability management, we set up a sustainability governance framework. The Board of Directors oversees the sustainability performance of the Group. The Executive Directors, with the assistance of senior managers from key divisions, are delegated with the responsibilities to implementing the Group's sustainability planning under three major objectives: environmental sustainability, social sustainability and economic sustainability. The sustainability plan will then be executed by different operating divisions of the Group to achieve the goals and priorities set.

OUR ESG APPROACH

Stakeholder Engagement

To cater the needs of different stakeholder groups, we have developed transparent and diverse communication channels to ensure their views collected effectively. We value our stakeholder opinions and hence, we engage with them on a regular basis through the communication channels to gather and understand their views and expectations on our sustainability performance. The major communication channels for each group are listed as follows:

Stakeholder Group Engaged	Methods of Engagement
Internal Stakeholders	Management <ul style="list-style-type: none"> Regular meetings
	General Employees <ul style="list-style-type: none"> Regular meetings Orientation activities Notice boards Annual appraisal meetings Employee engagement activities
External Stakeholders	Customers <ul style="list-style-type: none"> Guest satisfaction surveys Corporate website Day-to-day communication with front-line employees Customer feedback mechanism Hotlines
	Investors/Shareholders <ul style="list-style-type: none"> Analyst briefings Investor meetings General meetings Annual and interim reports Press releases/announcements
	Media <ul style="list-style-type: none"> Press releases Corporate website
	Industrial Associations <ul style="list-style-type: none"> Industry forums
	Suppliers/Contractors/ Business Partners <ul style="list-style-type: none"> Regular meetings Progress meetings

OUR ESG APPROACH

Materiality Assessment

Cosmopolitan regularly reviews the material sustainability issues related to our business operation. To reflect our stakeholders' feedback and expectations, the result of stakeholder engagement is regarded as the basis for materiality assessments. The prioritisation of the material topics follows the principles defined in the ESG Reporting Guide, and the steps are summarised as follows:

Step 1:

Identifying ESG topics

Independent consultant identified a broad range of sustainability issues in Cosmopolitan's business operations through conducting background review, including stakeholder interviews, observations during site visits, documentation review, media review and peer analysis.

Step 2:

Ranking ESG topics

Stakeholders ranked the identified sustainability issues from 1 (not important at all) to 6 (very important) as per their perceived importance to Cosmopolitan's business operations.

Step 3:

Validating result

The results of materiality assessment were then reviewed and approved by management to ensure the issues align with the organisational strategy.

The following 16 issues are considered material with regard to our stakeholders as well as our businesses and will be addressed in detail throughout this Report.



Environmental

- Environmental Impact
- Waste Management
- Energy Efficiency
- Greenhouse Gas Emissions
- Emission Reduction



Operating Practices

- Anti-corruption
- Product and Service Quality
- Customer Privacy
- Supply Chain Management
- Customer Health and Safety
- Customer Feedback Mechanism



Employees

- Employment Relations
- Employee Retention
- Employee Training and Development
- Occupational Health and Safety
- Labour Standard Compliance



ENVIRONMENTAL RESPONSIBILITY

The Company realises its core business activities may cast impact to the environment. To build a healthy and green living environment, we undertake our responsibility to minimise our environmental footprint in design, construction and operation phases.

Cosmopolitan Group is committed to minimising environmental footprint through energy conservation, water saving, waste management and noise control. We comply with all applicable legislation and requirements¹ relevant to environmental quality. To manage our environmental performance, we have set out environmental policy and implemented a range of mitigation measures as stipulated in the policy. We also carefully consider the environmental issues arising from the whole project life cycle. We apply environmental impact assessment methodology to identify the potential impacts of our projects starting from the design phase and adopt appropriate measures to alleviate the adverse effects during the construction and operation stages.

Environmental Management

Cosmopolitan has developed a group-wide Environmental Policy Statement for all property development projects. Our approach is to create minimal environmental impacts while delivering quality services. In our property development operation, environmental pollution is one of the key impacts. Thus, our management focuses on pollution prevention. To ensure our environmental objectives and requirements are met, we review our performance regularly and update our environmental policy from time to time to ensure that it follows legal and industry changes.

During the reporting period, there were no non-compliance cases regarding air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Emissions and Energy Efficiency

Energy consumption accounts for a significant proportion of greenhouse gas emissions in buildings. As such, we strive to optimise our energy performance in both construction and operational phases.

We endeavour to minimise energy consumption and greenhouse gas emissions in both the Chengdu Project and the Tianjin Project by using energy efficient materials. Our construction materials and component parts are certified with Construction Energy Efficiency Performance Labelling Certificates. We also utilise LED lighting and other energy efficient equipment with the aid of building automation systems to reduce energy consumption in operational phases of our projects.

The design of both projects conforms to the Design Standard for Energy Efficiency of Public Buildings and the Design Standard for Energy Efficiency of Residential Buildings of the national GuoBiao (GB) Standards. These national standards stipulate the energy efficiency requirements in terms of lighting, heating, ventilation and cooling with the aid of structural design and the use of materials. We adopt energy-efficient heating, ventilation and air-conditioning systems, such as Variable Water Volume (VWV) system and Variable Speed Driver (VSD) chillers, in our projects to reduce the energy consumption.

¹ The environmental laws and regulations that might be significant to Cosmopolitan include Environmental Protection Law, Water Pollution Prevention and Control Law, Atmospheric Pollution Prevention and Control Law, the Law on the Prevention and Control of Environment Pollution Caused by Solid Wastes and the Emission Standard of Environment Noise for Boundary of Construction Site of the People's Republic of China.

ENVIRONMENTAL RESPONSIBILITY

Energy Efficient Design Elements in the Chengdu Project

Our project design is crucial in determining the energy consumption throughout the building lifecycle. As such, we endeavour to consider and incorporate energy efficient elements in the design and construction phases of our project. In addition to compliance requirements, we also adopted the following energy-efficient design in the Chengdu Project:

1. Motion sensor and lighting control

We installed motion sensors in the lift lobbies of the residential towers. Lights are dimmed to basic level when there is no resident in the lobby area. Lighting in the lift is switched off when it is not in operation.

2. Low-e glass for residential towers

We adopted low-e glasses for the residential towers to promote insulation and reduce energy demand for air conditioning.

3. Maximise the use of natural ventilation

We utilise natural ventilation for underground carpark by installing louver outlet in our landscaping area in the residential component. This can reduce the demand for mechanical ventilation and electricity consumption.

4. Variable speed water pumps

We installed water pumps with different power ratings to adapt to different water usage of residential towers. The system switches to pump with smaller power rating during off-peak water usage period to save energy.

5. Reuse heat from chillers for hot water supply

Chiller system deployed for the hotel in the Chengdu Project can recycle the heat generated from cooling chiller for hot water supply for the hotel. This can reduce energy consumption for boiling water in the hotel operation.

6. Electric vehicle charging system

Using electric vehicles can reduce energy consumption and air emissions. To encourage low carbon lifestyle to residents, we have reserved space in the underground carpark for electric vehicle charging system.

We are also cautious about the air emissions during construction and adopt measures to curb air emissions. Dust is a major source of air pollution from construction activities. Our Chengdu Project alleviates air emissions through selecting construction materials which generate less dust. We also utilise landscaping of the projects to absorb air pollutants. During construction phase, we spray our construction areas regularly and apply shade cloth to cover dusty waste. Vehicles leaving the construction sites are required to drive through a washing bay. These measures, together with the real-time dust monitoring, can effectively manage and reduce air-suspended dust generated.

Water Management

We actively conserve water consumption through water efficiency measures and constant monitoring. We choose drought-resistant plants and apply drip irrigation method to further reduce water consumption from landscaping. We installed water meters which allowed us to review water consumption on each floor of the buildings and for the entire project. To prevent water leakage, we installed corrosion-resistant and durable water pipes. We also carry out regular water seepage tests to minimise the wastage from water leakage.



ENVIRONMENTAL RESPONSIBILITY

Proper wastewater treatment is crucial to protect water quality and the environment. We strive to collect, treat and reuse wastewater onsite where possible. For example, we reuse unconventional water for toilet flushing and washing cars whenever viable. Before discharging effluent into the municipal sewage system, wastewater is collected and handled in an on-site water treatment tank to ensure its compliance with relevant standards.

Apart from water consumption, Cosmopolitan is also aware of the protection of water resources at sources. We recognise that extracting water from the ground may cause severe problems for the nearby environment. In the Tianjin Project, we have undertaken groundwater replenishment measures, aiming to recharge the groundwater supplies with treated wastewater.

Waste Management

Waste Minimisation and Recycling

We endeavour to reduce waste from construction to operation of our properties. Waste management policies are in place and executed to encourage reduction and recycling of waste. Our engineering functions monitor waste disposal and recycling performance to identify potential improvement area.

Cosmopolitan believes waste avoidance is the most effective strategy to waste management. Each project implements waste reduction measures that suit the development process. For example, we use brick formwork for the foundation work in the Chengdu Project instead of traditional timber formwork. This can reduce the use of timber and minimise construction waste generated on site. We apply recyclable and durable construction materials, such as steel, glass and aluminium alloy, whenever viable. We reuse our unwanted office furniture in construction sites to avoid wastage during refurbishment of our office.

We put in place standard procedure to responsibly handle waste that cannot be recycled or reused during construction. General waste is gathered and transported from the garbage chambers in every building to designated collection points daily. Construction waste, including building debris and waste engine oil, are regularly handed over to qualified service vendors. Sludge is cleared and sent to landfills regularly.

Noise Control

Construction noise can cast nuisance and health impact to surrounding neighbourhood. As such, we strictly comply with laws and regulations governing construction noise. We identified powered mechanical equipments, machines and vehicles as the main sources of noise pollution from our operations and have implemented an array of noise mitigation measures to reduce the impacts of noise from our operations.

During construction, we cautiously place our noise-generating equipment and maintain appropriate distance from nearby residence. Honking and night-time construction works are prohibited. We constructed green buffer zone surrounding the construction sites to deter noise transmission. We place air-conditioning systems and other fixed noise-generating units underground in the hotel of Chengdu Project to relieve the noise impact to building occupants.

SOCIAL RESPONSIBILITY

Property development poses far-reaching impact to the surrounding community. To this end, we are committed to considering the need of the community during construction and operation of the development projects. Our commitment to community is realised through project design elements and donation to local community.

Fostering Community Engagement

Social Inclusion

To foster an inclusive community, we are committed to providing equal access for all people to ensure that every resident can have a comfortable and enjoyable living experience. Hence, we have embedded the element of social inclusion into our project development.

For example, in our Chengdu Project, we constructed ramps which enhance the accessibility to the residential towers for physically disabled and elderly people. In the Tianjin Project, elevator buttons were added at appropriate height for the disabled. Through these inclusive designs, we can extend our care to the underprivileged.



Ramps and elevator buttons for enhanced accessibility in our projects.

In addition to our project design, we also give back to the community through donation. For example, the Chengdu office donated rice to the needy in the local community during the time of Chinese New Year.



Donation to local community in Chengdu Project



ECONOMIC RESPONSIBILITY

Quality products and services are the keys to brand building and business success. Through creating a healthy and harmonious working environment, offering consistently excellent customer experiences and optimising supply chain management, we hope to generate greater value for our stakeholders.

Caring for Our Employees

Our ability to attract and retain talents is the essence of our business success. As such, we have implemented a fair employment and promotion policy. We strive to improve the living quality of our employees. We also emphasise their career and personal growth, physical well-being, as well as occupational health and safety.

We strictly adhere to the legal requirements² relating to employment and labour issues. During the reporting period, there were no non-compliance cases observed regarding employment and labour issues, including recruitment, compensation, training, promotion, equal opportunity, diversity, anti-discrimination, provision of benefits and welfare, safe working environment and child and forced labour.

Recruitment, Retention, and Benefits

We attach great importance to providing equal opportunities in our employment practices. Selection of candidates is only based on their ability, expertise and experience. We prohibit discrimination based on gender, age and background for recruitment and promotion. We establish competitive remuneration package for retaining talents.

To recognise employees' contributions and provide motivation, we offer a series of employee benefits, including monetary rewards on major holidays and birthdays, job security insurance, and special leaves like parental and wedding leaves, whenever appropriate.

Learning and Career Development

Employees are essential for sustainable business growth and performance. Providing comprehensive training to employees can develop the necessary capability and foster their career development. We offer our employees a variety of internal training while encouraging them to participate in relevant external courses or professional qualifications. All employees can access the detailed information regarding the approved training courses, training types applicable and yearly plans.

In addition, our Chengdu office has appointed an external agency to provide customised training for our employees. Also, our training policy covers guidelines on the procedures, budget and programme types for all employees. To enhance the effectiveness of training, we have developed annual employee training and development plans.

² The employment and labour laws and regulations that might be significant to Cosmopolitan include Labour Law, Labour Contract Law, Employment Promotion Law and Social Insurance Law of the People's Republic of China.

ECONOMIC RESPONSIBILITY

Employee Engagement

We recognise the importance of employees' well-being and physical health. In addition to the mandatory medical check-ups, we organised a range of activities catering to specific needs and interests throughout the year. For example, we organised employee trip, outward development activities and sports activities such as basketball games and provided them with volunteering opportunities to contribute to the community. Furthermore, we celebrate the birthdays of our employees with birthday parties. These activities not only strengthen the team bonding, but also enhance their sense of belonging.



Employee trip



Outward development activity



Staff basketball game

Workplace Health and Safety

We endeavour to create a safe and pleasant working environment for our employees through our Safety Construction Management Policy and the provision of safety training. By actively engaging with our contractors through communication, we identify material safety issues or risks in our construction sites. We update our health and safety policy from time to time accordingly to ensure its effectiveness. We comply with relevant laws and regulations³ on occupational health and safety in Mainland China. During the reporting period, there were no non-compliance cases regarding occupational health and safety in our operations.

We are aware of the importance of occupational health and safety in shaping an ideal working environment for our employees. We strive to eliminate potential risks and incidents relating to health and safety and maintain zero tolerance for all forms of workplace hazards in our operations. Whenever possible, we provide safety training to our workers. To ensure that construction workers are equipped with sufficient safety knowledge, only qualified workers passing our safety training courses are eligible to work on-site. We also disseminate leaflets to remind them of the vehicles and machines operation safety.

³ The occupational health and safety laws and regulations that might be significant to Cosmopolitan include the Law on the Prevention and Control of Occupational Diseases, Work Safety Law, Regulation on Work-Related Injury Insurance and Measures for the Administration of Occupational Health Examination of the People's Republic of China.



ECONOMIC RESPONSIBILITY

Our contractors also play a vital role in promoting health and safety in our workplace. Therefore, we constantly engage with our contractors through different communication channels, including meetings, workshops and training. We require our contractors to provide compulsory safety training for all new workers before onboard. Our work regarding health and safety has been recognised by the Ministry of Housing and Urban-Rural Development of the People's Republic of China and the Tianjin Municipal People's Government.

In the Chengdu Project, we have implemented a comprehensive Safety Construction Management Policy at construction sites with supervision from the project manager. We promote the safe workplace concept to our employees through various means. For instance, we place signs of preventive measures alerting them the accidents, fire, and other major hazards. Our fire-prevention system satisfies the relevant legal requirements in Mainland China and is regularly maintained by qualified professionals. To ensure the proper enforcement of our safety policies, we keep on-site monitoring and implement timely mitigation measures once deficiencies are discovered.

To monitor indoor air quality in our office operations, we appointed certified personnel to remove volatile organic compounds (VOC) and formaldehyde.

Caring for Our Customers

With the dedication to provide superior, warm and comfortable living spaces to our customers, we have formulated policies regarding operating practices to ensure the quality of our products and services. We are committed to creating healthy and safe living environment for our customers. As such, we adhere to applicable laws and regulations⁴ regarding health and safety, advertising, labelling, and customer privacy. We observed no non-compliance cases in these aspects during the reporting period.

Product and Service Quality

To assure customers of the high quality of our products and services, apart from prioritising customers' needs, we have adopted quality assurance and monitoring systems at our property development projects. We strictly abide by the Law of the People's Republic of China on Construction and Quality Management of Construction Projects in Mainland China. Apart from this, we pay attention to customers' needs by regularly collecting their feedback. We ensure that their concerns are addressed properly for future improvement.

With respect to the building quality assurance, we have applied a three-pronged quality management approach. The whole system is implemented in the pre-construction phase, construction phase, and post-construction phase. In the preconstruction phase, we maintain stringent control over the building plans and construction materials. Architectural and construction experts oversee and review the building plans. Projects only proceed after all identified issues are addressed. We are also mindful in selecting construction materials. We require certificates of compliance and assessment reports for materials that are crucial to building strength, such as steel bars, concrete, and cement. Such requirement can ensure the building quality, as well as the safety of the end-users. Throughout the construction phase, we closely monitor the structural work and information management to ensure the quality of our buildings. The post-construction phase is critical in our quality management approach. We set a list of criteria for our product to uphold high safety and quality standards.

⁴ The product responsibility laws and regulations that might be significant to Cosmopolitan include the Construction Law and Law on the Protection of Consumer Rights and Interests of the People's Republic of China.

ECONOMIC RESPONSIBILITY

In addition to building quality, premium service quality contributes to customer satisfaction. To improve our service quality, we collect customer opinions through customer satisfaction survey. This survey covers a wide range of aspects including employee attitude, technical skills, and professional quality. We analyse the survey result and further identify key areas for improvement.

Advertisement

Driven by our respects in customers' right of accessing complete and accurate product information, we stringently follow all relevant legal requirements regarding advertisement. Dishonest and misleading selling techniques are strictly prohibited. We believe that our customers can only make informed and carefree purchasing decisions with adequate and accurate product information. Therefore, our employees are well-trained to provide professional advisory services to our customers during the sale practice. Our marketing materials are carefully prepared with precise review.

In the Chengdu Project, we standardised the selling speech illustrating our project selling points for our salespeople. In case of any behavioural misconduct, including deviation from the selling speech or inappropriate selling skills, the respective salesperson will be penalised. Moreover, we immediately take corrective actions once the inaccuracy or exaggeration is discovered. After the close of business each day, we debrief our salespeople to ensure their understanding and compliance with our expectations in selling practices.

Protection of Privacy

We are cautious in handling and protecting our customers' data. We adhere to the laws and regulations⁵ concerning personal data privacy in Mainland China. Governed by our data protection policy, we handle all personal data collected in a highly confidential manner. Whenever appropriate, employees are requested to sign a confidentiality agreement restricting them from disclosing internal and personal information, including trade and customer information. They may bear the legal liability if any unauthorised disclosures of such personal information are discovered.

Supply Chain Management

Business ethics is crucial for sustainable business operations and supply chain management. We uphold the belief to follow high ethical standards and communicate this value to our suppliers and contractors. Through close monitoring and active engagement along our supply chain, we manage to support and promote fair and effective operating practices.

We strive to maintain open and fair procurement and tendering procedures. Through the implementation of a holistic approach, we decentralise the tendering management and decision-making tasks in search of a fair and competitive environment. Tasks are specifically divided and delegated for coordination between different levels and groups involved in managing the supply chain. The cost control functions at different operating levels serve as a good communicator within the management system. All departments cooperate in monitoring financial policies and maintaining a fair, well-organised and transparent tendering process.

⁵ The personal data privacy laws and regulations that might be significant to Cosmopolitan include the Law on Protection of Customer Rights and Interests of the People's Republic of China.



ECONOMIC RESPONSIBILITY

We are in strict adherence to the core ESG responsibility principles in our procurement management strategy throughout the reporting period. Only items subjected to tender invitations complying with our policies and procedures will be procured. We uphold our responsibility in performing our contractual obligations and endeavour to promote a fair and competitive business environment.

While upholding high standards on our selected products, we monitor the performance of our contractors and suppliers on a continuous basis. Aiming to satisfy our customers' needs efficiently, we endorse a high standard of product quality with responsible screening practices along the supply chain. We only source from qualified suppliers, who are licensed by the government and relevant certification bodies.

We review the performance of contractors and suppliers on the sustainability aspect periodically with clear records, which will be considered for future supplier selection in tendering processes. We task our Engineering Department to assess their compliance with legislation, ensuring that all ongoing projects meet high standards in both safety and quality. Moreover, whenever possible, we prioritise local enterprises for lessening environmental footprint from logistics while promoting local economic development and creating employment opportunity.

We keep a close monitoring on the quality and integrity of our suppliers and contractors throughout the construction process, ensuring that all raw materials meet the standards. We maintain a close connection and effective communication with our suppliers and contractors by setting up long-term engagement and supervision systems. Specifically, in our Tianjin Project, we have adopted quantitative scoring mechanisms for monitoring the suppliers.

Apart from the performance of the suppliers and contractors, we attach great importance to their ethics and takes a strong stance against corruption and misconduct. Suppliers and contractors are required to sign a "Sunlight Declaration (「陽光宣言」)" to ensure that neither corruption nor misconduct will occur in our business operations. We set the target total transaction value or target unit value for internal reference before tendering processes to avoid misconduct. We are open to all suggestions, complaints, and whistleblowing regarding our procurement management by setting up a feedback mechanism and a telephone hotline. During the reporting period, there were no material incidents of corruption related to our supply chain reported.

Anti-corruption

We set high standards for the integrity of our business operations. With a strong dedication to preventing bribery and corruption, we have established anti-corruption policies in our operations. Stipulated in the Employee Handbook, we expect all employees to uphold a high standard of honesty and integrity in their duties. We maintain zero tolerance for violating the code of conduct and any inappropriate behaviour. All subsidiaries, departments, business units, and projects are subject to rigorous control mechanisms.

We strictly abide by relevant laws and regulations⁶ regarding ethical business operations. During the reporting period, we observe no non-compliance cases relating to bribery, extortion, fraud or money laundering in our operations.

⁶ The anti-corruption laws and regulations that might be significant to Cosmopolitan include the Criminal Law of the People's Republic of China and the Prevention of Bribery Ordinance (Cap. 201 of the laws of Hong Kong).

APPENDIX I – PERFORMANCE TABLES

Environmental Responsibility Performance⁷



	Units	Performance in 2018	Performance in 2019
Air emissions⁸			
Nitrogen oxide (NOx)	kg	N/A	5
Sulphur oxide (SOx)	kg	N/A	0.14
Particulate matters (PM)	kg	N/A	0.36
Greenhouse gas (GHG) emissions			
Total GHG emissions	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	483	417
Direct GHG emissions (Scope 1) ⁹	tonnes CO ₂ e	7	129
Indirect GHG emissions (Scope 2) ¹⁰	tonnes CO ₂ e	476	288
GHG emission intensity	kg CO ₂ e/m ²	0.75	0.65
Energy consumption			
Total energy consumption	GJ	2,482	1,672
Electricity	kWh	661,855	369,169 ¹¹
Liquefied petroleum gas ¹²	GJ	N/A	34
Petrol	GJ	99	309
Energy intensity	GJ/m ²	0.004	0.003

⁷ The environmental performance data only covers the operations in the Chengdu Project and the Tianjin Project.

⁸ We started to collect air emission data in 2019, thus the data in 2018 is not available.

⁹ Direct GHG emissions generated from fuel consumption, including petrol consumption for transportation in 2018 and 2019, and liquefied petroleum gas consumption in the staff canteen in the Chengdu Project in 2019. The emission data in 2018 is revised to reflect the actual situation.

¹⁰ Indirect GHG emissions generated from electricity consumption. The emission data in 2018 is revised to reflect the actual situation.

¹¹ The decrease in electricity consumption in 2019 is due to handover of sales centre and landscaping management to property management company in the Chengdu Project and temporary closure of sales centre in the Tianjin Project.

¹² Liquefied petroleum gas consumption generated from the staff canteen in the Chengdu Project. We started to collected data in 2019.

APPENDIX I – PERFORMANCE TABLES

	Units	Performance in 2018	Performance in 2019
Water consumption			
Total water consumption	m ³	7,253	20,085 ¹³
Water intensity	m ³ /m ²	0.011	0.031
Waste disposal and recycled			
General waste disposed	tonnes	10.86 ¹⁴	0.14
Waste recycled¹⁵			
Wood	kg	N/A	42,300
Metals	kg	3,500	6,200
Old concrete	kg	N/A	8,000
Paper	kg	90	190
Glass	kg	6,800	9,200
Other construction materials	kg	3,600	6,800
Hazardous waste disposed			
Filler	kg	N/A	3
Filler, paint and solvent containers	pieces	32	11

¹³ The increase in water consumption in 2019 is mainly due to short-term acceleration of construction progress in the Chengdu Project.


¹⁴ Non-hazardous waste disposed data in 2018 is revised as part of the waste should be classified as recycled waste.

¹⁵ Waste category is recategorised in 2019 to better reflect the types of waste recycled.

APPENDIX I – PERFORMANCE TABLES

Economic Responsibility Performance¹⁶

Employment Practice¹⁷



	Units	Performance in 2018	Performance in 2019
Total workforce by employment contract			
Permanent	number of people	3	2
Contract	number of people	106	109
Trainee	number of people	1	0
Total workforce	number of people	110	111
Total workforce by gender			
Male	number of people	68	69
Female	number of people	42	42
Total workforce by age group			
Under 25	number of people	1	0
25 – less than 40	number of people	61	69
40 – less than 55	number of people	43	38
55 or above	number of people	5	4
Total workforce by employment category			
Senior management ¹⁸	number of people	1	1
Middle management	number of people	30	29
General employees	number of people	79	81

¹⁶ The economic responsibility performance data covers the Hong Kong corporate office, Shenzhen corporate office, the Xinjiang Project, the Chengdu Project and the Tianjin Project.

¹⁷ In 2018, we reported the figures as in March according to the Annual Report. The total workforce figures were aligned and reported as at 31 December in 2018 and 2019.

¹⁸ For the purpose of disclosure in this report, senior management excludes the corporate general managers and directors.

APPENDIX I – PERFORMANCE TABLES

Occupational Health and Safety

	Units	Performance in 2018	Performance in 2019
Total number of work-related fatalities	number of people	0	0
Total number of lost day ¹⁹ due to work injuries	number of days	0	0

Development and Training

	Units	Performance in 2018	Performance in 2019
Percentage of employees trained by gender			
Male	%	9	9
Female	%	17	7
Percentage of employees trained by employment category			
Senior management ¹⁸	%	0	0
Middle management	%	7	10
General employees	%	14	7
Average training hours by gender			
Male	number of hours	5	1
Female	number of hours	12	2
Average training hours by employment category			
Senior management ¹⁸	number of hours	0	0
Middle management	number of hours	5	1
General employees	number of hours	9	1

Supply Chain Management

	Units	Performance in 2018	Performance in 2019
Number of suppliers by geographical region			
Mainland China	number of suppliers	260	324

¹⁹ Lost days refer to sick leave due to all types of work-related injuries.

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
A. Environmental		
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management
	KPI A1.1 The types of emissions and respective emissions data.	Environmental Responsibility Performance
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility Performance
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental Responsibility Performance
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility Performance
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Emissions and Energy Efficiency
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED’S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
A. Environmental		
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Management
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility Performance
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility Performance
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Emissions and Energy Efficiency
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Management
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the core business of Cosmopolitan
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer’s significant impact on the environment and natural resources.	Environmental Management; Noise Control
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management; Noise Control

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Recruitment, Retention, and Benefits
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Workplace Health and Safety
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Learning and Career Development
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Recruitment, Retention, and Benefits

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
B. Social		
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Caring for Our Customers
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
Community		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Responsibility

The image features a white rectangular area framed by a thick yellow border. Green leaves are scattered around the frame: a large cluster in the top right, a trail of leaves curving from the bottom left towards the center, and a small cluster in the bottom left. The website address is centered in the white area.

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